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Crop update – weather takes its toll

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Grain and Feed

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Report Highlights:

A dry April followed by an unseasonably wet May and June in central and eastern Europe, combined with persistent dry conditions in the west, mean the total EU grain harvest is now expected to be 285 MMT this summer. Although this should be another sizeable crop, it is 28 MMT down on last year's record harvest and 5 MMT below expectations just 2 months ago. Within the total, wheat production is put at 135 MMT, barley at 61 MMT and corn at 56.5 MMT, all reduced tonnages as compared to previous expectations. The recent weather conditions are also thought to have reduced quality in the east. With the current season coming to a close, exports – notably of wheat - have remained buoyant despite aggressive third country competition. While this means MY2008/09 ending stocks are no longer expected to be quite as large as previously suggested, they will still be significant. This expectation for large carryover is already weighing on new crop prices.

General Information:

Introduction

This report presents the outlook for grain and feed, and Production, Supply and Demand (PS&D) forecasts for the Marketing Year (MY) 2009/2010. Unless stated otherwise, data in this report is based on the views of Foreign Agricultural Service analysts in the EU and is not official USDA data.

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HA = Hectares

MT = Metric Tonne

MY = Marketing Year. Post and USDA official data both follow the EU local marketing year of July to June except for corn which follows an October to September calendar

TY = July to June for wheat and October to September for coarse grains

Executive Summary

Reduced prospects for the EU harvest means total grain production is currently expected to be 285 MMT this summer. Within this total wheat production is put at 135 MMT, barley at 61 MMT and corn at 56.5 MMT, all lower tonnages as compared to expectations two months ago.

A dry April in much of Europe, which has continued in the west, and an unseasonably wet May and June in central and eastern Europe have detrimentally affected the outlook for the EU grain harvest this year. Although the crop should be sizeable, it is now expected to be 28 MMT down on last year's record harvest and 5.5 MMT below expectations just 2 months ago.

At the time of the last report in April, there was some concern about the dry conditions in Spain, Germany, through Poland, and down into Hungary, Romania and Bulgaria. However, May and June saw significant rainfall in much of central and eastern Europe to the extent that parts of Poland now find themselves waterlogged. While the rains have been beneficial for crop development in France and Germany, crop yields and quality further east are expected to have suffered. This is particularly the case in Hungary. Elsewhere in Europe, Spain reports a reduction in crop expectations - while the dry weather has been a significant factor, a downward revision to the planted area has also contributed to a lower total grain number in the Iberian Peninsula. Dry conditions in the UK are also expected to reduce yields. In Romania and Bulgaria, while the weather has certainly been a negative factor for crop development, reduced fertilizer and crop protection application are also reported to have taken their toll. In particular, serious insect infestations have been reported. Only France reports any significant increase in production expectations - the French wheat number 1MMT up on two months ago - but the French crop is still broadly expected to be below MY2008/9.

In summary, compared with two months ago, wheat production for MY2009/10 is reduced 3 MMT, largely due to reduced harvest expectations in Hungary, Romania and Spain, reductions elsewhere being countered by improved prospects in France. Quality remains a concern in much of Europe. For barley, the crop is also now expected to be 3 MMT smaller than two months ago, and in contrast to wheat most of this reduction is due to a lower Spanish barley number. For corn, prospects remain good, particularly in the west of Europe, although the recent difficult weather in

With the current season coming to a close, exports – notably of wheat from France, Hungary and Germany - have remained buoyant despite third country competition. While this means ending stocks are no longer expected to be quite as large as previously suggested, they will still be significant. This carryover is already weighing on new crop prices. With another large crop expected to be harvested, the Commission can be expected to come under renewed pressure, particularly from the New Member States, to provide market support, be it in the form of intervention or otherwise.

27	Wheat EU-	2007			2008			2009			
		2007/2008			2008/2009			2009/2010			
		Market Year Begin: Jul 2007			Market Year Begin: Jul 2008			Market Year Begin: Jul 2009			
		USDA Post	Old	New Post	USDA Post	Old	New Post	USDA Post	Old	New Post	
				Data			Data			Data	
Area Harvested	24,779	24,777	24,777	26,936	26,934	26,934	25,860	25,800	25,800	(1000 HA)	
Beginning Stocks	14,075	14,025	14,075	12,414	16,112	16,112	20,482	26,332	26,332	(1000 MT)	
Production	120,204	120,212	120,212	151,568	151,720	151,720	135,961	137,700	135,000	(1000 MT)	
MY Imports	6,942	6,942	6,942	6,500	6,000	6,500	6,500	5,000	6,500	(1000 MT)	
TY Imports	6,942	6,942	6,942	6,500	6,000	6,500	6,500	5,000	6,500	(1000 MT)	
TY Imp. from U.S.	1,732	1,732	1,732	0	0	0	0	0	0	(1000 MT)	
Total Supply	141,221	141,179	141,229	170,482	173,832	174,332	162,943	169,032	167,832	(1000 MT)	
MY Exports	12,271	12,272	12,271	22,500	23,000	24,000	18,000	18,000	18,000	(1000 MT)	
TY Exports	12,271	12,272	12,271	22,500	23,000	24,000	18,000	18,000	18,000	(1000 MT)	
Feed Consumption	52,436	48,695	48,746	61,000	58,000	58,000	60,000	58,000	58,000	(1000 MT)	
FSI Consumption	64,100	64,100	64,100	66,500	66,500	66,000	67,500	67,500	67,500	(1000 MT)	
Total Consumption	116,536	112,795	112,846	127,500	124,500	124,000	127,500	125,500	125,500	(1000 MT)	
Ending Stocks	12,414	16,112	16,112	20,482	26,332	26,332	17,443	25,532	24,332	(1000 MT)	
Total Distribution	141,221	141,179	141,229	170,482	173,832	174,332	162,943	169,032	167,832	(1000 MT)	
Yield	5.	5.	4.8518	6.	6.	5.633	5.	5.	5.2326	(MT/HA)	

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Total Consumption	54,900	54,640	54,719	57,100	57,000	57,000	58,500	57,500	57,500	(1000 MT)
Ending Stocks	5,018	5,196	5,196	10,197	10,024	10,024	9,625	11,874	9,174	(1000 MT)
Total Distribution	63,721	63,693	63,718	70,797	71,024	71,024	71,325	74,374	71,174	(1000 MT)
Yield	4.	4.	4.1797	5.	5.	4.5031	4.	4.	4.2807	(MT/HA)

27	Corn	EU-	2007			2008			2009		
			2007/2008			2008/2009			2009/2010		
			Market Year Begin: Oct 2007			Market Year Begin: Oct 2008			Market Year Begin: Oct 2009		
			USDA Old Post		New Post	USDA Old Post		New Post	USDA Old Post		New Post
					Data			Data			Data
Area Harvested	8,439	8,439	8,439	8,876	8,876	8,876	8,634	8,680	8,680	(1000 HA)	
Beginning Stocks	7,382	7,382	7,382	4,913	4,973	4,973	6,193	7,400	6,150	(1000 MT)	
Production	47,506	47,506	47,506	62,380	62,380	62,380	56,502	56,900	56,500	(1000 MT)	
MY Imports	14,016	14,016	14,016	2,500	3,500	2,500	2,500	3,500	3,000	(1000 MT)	
TY Imports	14,016	14,016	14,016	2,500	3,500	2,500	2,500	3,500	3,000	(1000 MT)	
TY Imp. from U.S.	144	144	144	0	0	0	0	0	0	(1000 MT)	
Total Supply	68,904	68,904	68,904	69,793	70,853	69,853	65,195	67,800	65,650	(1000 MT)	
MY Exports	591	591	591	2,000	2,000	2,000	2,000	1,000	1,000	(1000 MT)	
TY Exports	591	591	591	2,000	2,000	2,000	2,000	1,000	1,000	(1000 MT)	
Feed Consumption	50,600	50,590	50,590	47,300	47,203	47,203	44,300	45,250	45,250	(1000 MT)	
FSI Consumption	12,800	12,750	12,750	14,300	14,250	14,500	14,800	14,750	14,750	(1000 MT)	
Total Consumption	63,400	63,340	63,340	61,600	61,453	61,703	59,100	60,000	60,000	(1000 MT)	
Ending Stocks	4,913	4,973	4,973	6,193	7,400	6,150	4,095	6,800	4,650	(1000 MT)	
Total Distribution	68,904	68,904	68,904	69,793	70,853	69,853	65,195	67,800	65,650	(1000 MT)	
Yield	6.	6.	5.6293	7.	7.	7.0279	7.	7.	6.5092	(MT/HA)	

Sorghum 27	EU-	2007			2008			2009		
		2007/2008			2008/2009			2009/2010		
		Market Year Begin: Jul 2007			Market Year Begin: Jul 2008			Market Year Begin: Jul 2009		
		USDA Old Post		New Post	USDA Old Post		New Post	USDA Old Post		New Post
				Data			Data			Data
Area Harvested	93	93	93	97	95	95	105	105	105	(1000 HA)
Beginning Stocks	5	23	5	231	100	100	66	50	50	(1000 MT)
Production	522	523	523	535	545	545	564	575	575	(1000 MT)
MY Imports	5,812	5,812	5,812	400	500	500	400	250	250	(1000 MT)
TY Imports	5,267	5,267	5,267	200	200	200	400	250	250	(1000 MT)
TY Imp. from U.S.	3,833	3,833	3,833	0	0	0	0	0	0	(1000 MT)
Total Supply	6,339	6,358	6,340	1,166	1,145	1,145	1,030	875	875	(1000 MT)
MY Exports	8	8	8	0	5	5	5	5	5	(1000 MT)
TY Exports	8	8	8	0	5	5	5	5	5	(1000 MT)
Feed Consumption	6,000	6,245	6,227	1,000	1,085	1,085	900	825	825	(1000 MT)
FSI Consumption	100	5	5	100	5	5	100	5	5	(1000 MT)
Total Consumption	6,100	6,250	6,232	1,100	1,090	1,090	1,000	830	830	(1000 MT)
Ending Stocks	231	100	100	66	50	50	25	40	40	(1000 MT)
Total Distribution	6,339	6,358	6,340	1,166	1,145	1,145	1,030	875	875	(1000 MT)
Yield	6.	6.	5.6237	6.	6.	5.7368	5.	5.	5.4762	(MT/HA)

Rye	EU-	2007	2008	2009
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27	2007/2008			2008/2009			2009/2010			
	Market Year Begin: Jul 2007			Market Year Begin: Jul 2008			Market Year Begin: Jul 2009			
	USDA Old Post	Old	New Post	USDA Old Post	Old	New Post	USDA Old Post	Old	New Post	
			Data			Data			Data	
Area Harvested	2,578	2,578	2,578	2,770	2,770	2,770	2,601	2,600	2,700	(1000 HA)
Beginning Stocks	616	616	616	1,123	1,046	1,046	1,644	1,682	1,682	(1000 MT)
Production	7,685	7,685	7,685	9,146	9,146	9,146	8,546	8,600	9,000	(1000 MT)
MY Imports	98	98	98	25	60	60	25	40	40	(1000 MT)
TY Imports	88	88	88	25	60	60	25	40	40	(1000 MT)
TY Imp. from U.S.	3	3	3	0	0	0	0	0	0	(1000 MT)
Total Supply	8,399	8,399	8,399	10,294	10,252	10,252	10,215	10,322	10,722	(1000 MT)
MY Exports	76	76	76	150	70	70	150	150	150	(1000 MT)
TY Exports	59	59	59	150	70	70	150	150	150	(1000 MT)
Feed Consumption	3,100	3,177	3,177	3,700	3,750	3,750	4,000	4,000	4,000	(1000 MT)
FSI Consumption	4,100	4,100	4,100	4,800	4,750	4,750	4,900	4,850	4,850	(1000 MT)
Total Consumption	7,200	7,277	7,277	8,500	8,500	8,500	8,900	8,850	8,850	(1000 MT)
Ending Stocks	1,123	1,046	1,046	1,644	1,682	1,682	1,165	1,322	1,722	(1000 MT)
Total Distribution	8,399	8,399	8,399	10,294	10,252	10,252	10,215	10,322	10,722	(1000 MT)
Yield	3.	3.	2.981	3.	3.	3.3018	3.	3.	3.3333	(MT/HA)

27 Oats EU-	2007			2008			2009			
	2007/2008			2008/2009			2009/2010			
	Market Year Begin: Jul 2007			Market Year Begin: Jul 2008			Market Year Begin: Jul 2009			
	USDA Old Post	Old	New Post	USDA Old Post	Old	New Post	USDA Old Post	Old	New Post	
			Data			Data			Data	
Area Harvested	2,970	2,970	2,970	2,968	2,970	2,920	2,913	2,900	2,850	(1000 HA)
Beginning Stocks	795	804	795	659	624	609	976	870	800	(1000 MT)
Production	8,618	8,618	8,618	8,962	8,950	8,750	8,390	8,500	8,100	(1000 MT)
MY Imports	4	12	4	5	5	5	5	5	5	(1000 MT)
TY Imports	2	2	2	5	5	5	5	5	5	(1000 MT)
TY Imp. from U.S.	0	0	0	0	0	0	0	0	0	(1000 MT)
Total Supply	9,417	9,434	9,417	9,626	9,579	9,364	9,371	9,375	8,905	(1000 MT)
MY Exports	158	159	158	150	200	200	150	180	180	(1000 MT)
TY Exports	133	133	133	150	200	200	150	180	180	(1000 MT)
Feed Consumption	6,900	6,901	6,900	6,700	6,709	6,564	6,600	6,645	6,175	(1000 MT)
FSI Consumption	1,700	1,750	1,750	1,800	1,800	1,800	1,800	1,750	1,750	(1000 MT)
Total Consumption	8,600	8,651	8,650	8,500	8,509	8,364	8,400	8,395	7,925	(1000 MT)
Ending Stocks	659	624	609	976	870	800	821	800	800	(1000 MT)
Total Distribution	9,417	9,434	9,417	9,626	9,579	9,364	9,371	9,375	8,905	(1000 MT)
Yield	3.	3.	2.9017	3.	3.	2.9966	3.	3.	2.8421	(MT/HA)

Mixed Grain 27	EU-	2007			2008			2009			
		2007/2008			2008/2009			2009/2010			
		Market Year Begin: Jul 2007			Market Year Begin: Jul 2008			Market Year Begin: Jul 2009			
		USDA Old Post		New Post	USDA Old Post		New Post	USDA Old Post		New Post	
				Data			Data			Data	
Area Harvested		4,122	4,172	4,172	4,051	4,103	4,219	3,877	3,900	4,100	(1000 HA)
Beginning Stocks		507	507	507	1,058	1,028	1,028	1,456	1,450	1,450	(1000 MT)
Production		14,251	14,433	14,433	14,398	14,546	14,698	13,079	13,200	14,300	(1000 MT)
MY Imports		0	0	0	0	0	0	0	0	0	(1000 MT)
TY Imports		0	0	0	0	0	0	0	0	0	(1000 MT)
TY Imp. from U.S.		0	0	0	0	0	0	0	0	0	(1000 MT)
Total Supply		14,758	14,940	14,940	15,456	15,574	15,726	14,535	14,650	15,750	(1000 MT)
MY Exports		0	0	0	0	0	0	0	0	0	(1000 MT)
TY Exports		0	0	0	0	0	0	0	0	0	(1000 MT)
Feed Consumption		12,800	13,012	13,012	12,900	13,074	13,226	12,400	12,500	13,200	(1000 MT)
FSI Consumption		900	900	900	1,100	1,050	1,050	1,100	1,050	1,050	(1000 MT)
Total Consumption		13,700	13,912	13,912	14,000	14,124	14,276	13,500	13,550	14,250	(1000 MT)
Ending Stocks		1,058	1,028	1,028	1,456	1,450	1,450	1,035	1,100	1,500	(1000 MT)
Total Distribution		14,758	14,940	14,940	15,456	15,574	15,726	14,535	14,650	15,750	(1000 MT)
Yield		3.	3.	3.4595	4.	4.	3.4838	3.	3.	3.4878	(MT/HA)